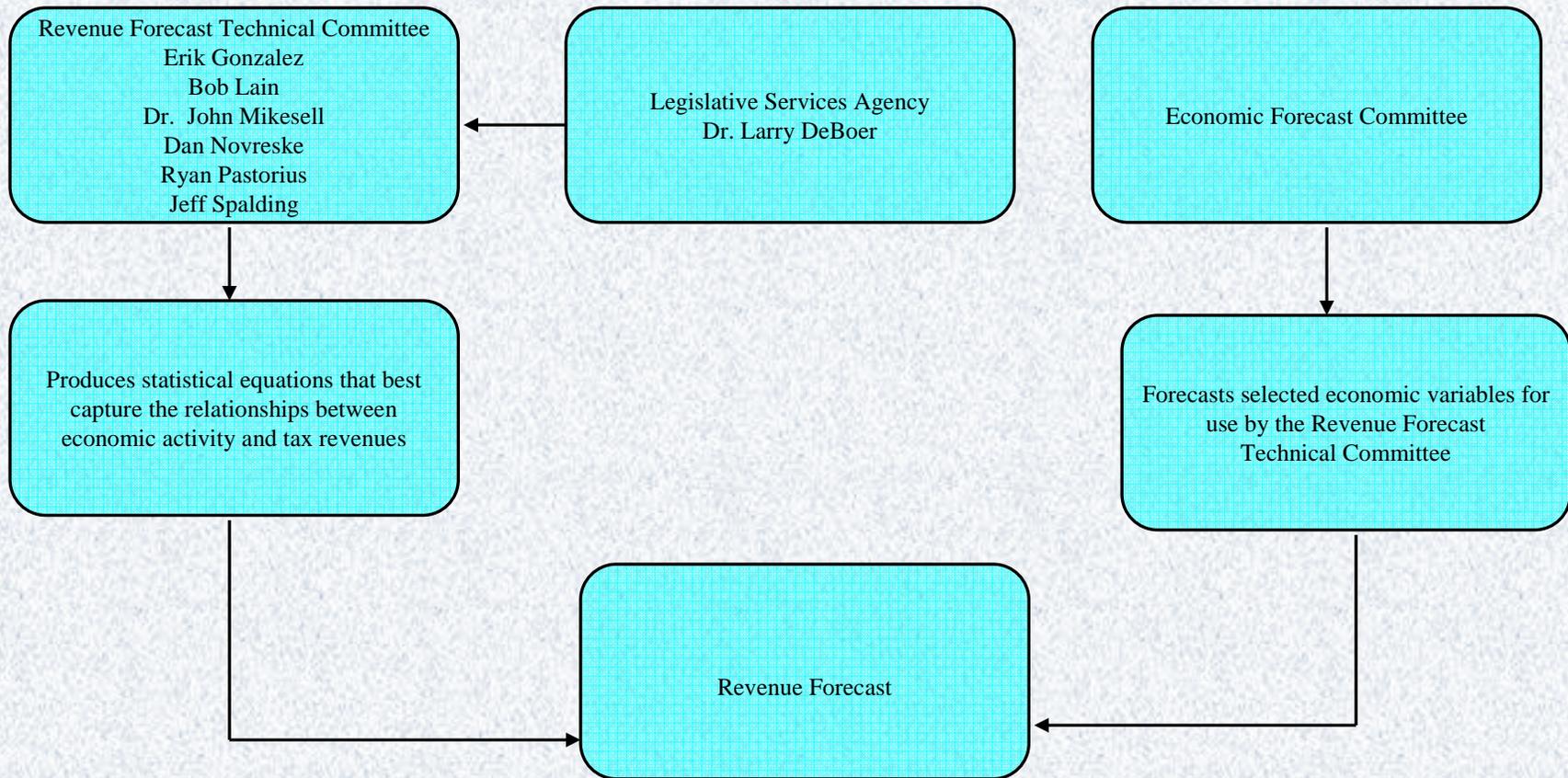


**GENERAL FUND AND PROPERTY TAX REPLACEMENT FUND
REVENUE FORECAST**

REVENUE FORECAST TECHNICAL COMMITTEE

APRIL 11, 2005

GENERAL FUND AND PROPERTY TAX REPLACEMENT FUND REVENUE FORECAST PROCESS



DEVELOPMENTS SINCE THE DECEMBER 2004 FORECAST

- Sales tax growth slowed from 6.1% in July through November to 4.1% in December through March.
- Individual income tax growth continued at a rapid 8.6% rate in December through March.
- Of the \$81M that had been assessed as of December as a result of *Azta Gaming Corporation vs. Indiana Department of State Revenue*, one-half remained unpaid as of March 31, 2005.
- Revenue from the Financial Institutions Tax are stronger than expected in December.
- Gaming activity at the riverboats was adversely impacted by weather in the final days of December, 2004 and early January, 2005

FORECAST UPDATE OVERVIEW

- The FY 2005 forecast has been reduced by \$21.7M
 - Forecasted growth over FY 2004 = 6.3% or \$670.7M
 - The December, 2004 forecast was for 6.5% growth in FY 2005
- The FY 2006 forecast has been increased by \$20.8M
 - Forecasted growth over FY 2005 = 4.1% or \$466.8M
- The FY 2007 forecast has been increased by \$21.6M
 - Forecasted growth over FY 2006 = 5.3% or \$620.9M

STATE REVENUE FORECAST
Combined General Fund and Property Tax Replacement Fund
Fiscal Years 2005, 2006, and 2007
April 11, 2005
(in millions)

	<u>Actual</u>	<u>Prior</u>	<u>Updated</u>	<u>Diff. From</u>	<u>Percent</u>	<u>Percent</u>	<u>Prior</u>	<u>Updated</u>	<u>Diff. From</u>	<u>Percent</u>	<u>Percent</u>	<u>Prior</u>	<u>Updated</u>	<u>Diff. From</u>	<u>Percent</u>	<u>Percent</u>
	<u>2004</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Prior</u>	<u>Diff. From</u>	<u>Growth</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Prior</u>	<u>Diff. From</u>	<u>Growth</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Prior</u>	<u>Diff. From</u>	<u>Growth</u>
		<u>2005</u>	<u>2005</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Over</u>	<u>2006</u>	<u>2006</u>	<u>Forecast</u>	<u>Forecast</u>	<u>2005</u>	<u>2007</u>	<u>2007</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Over</u>
<u>General & PTR Funds</u>																
Sales	4,721.0	4,956.8	4,935.9	-20.9	-0.4%	4.6%	5,187.1	5,187.3	0.2	0.0%	5.1%	5,439.4	5,451.1	11.7	0.2%	5.1%
Individual	3,807.9	4,102.1	4,144.9	42.8	1.0%	8.9%	4,308.8	4,371.4	62.6	1.5%	5.5%	4,586.3	4,659.9	73.6	1.6%	6.6%
Corporate	644.7	811.7	801.8	-9.9	-1.2%	24.4%	754.6	757.4	2.8	0.4%	-5.5%	777.8	767.5	-10.3	-1.3%	1.3%
Subtotal "Big Three"	9,173.5	9,870.5	9,882.5	12.0	0.1%	7.7%	10,250.6	10,316.1	65.5	0.6%	4.4%	10,803.5	10,878.5	75.0	0.7%	5.5%
Gaming	601.5	599.9	589.3	-10.6	-1.8%	-2.0%	641.0	626.1	-14.9	-2.3%	6.2%	700.0	678.8	-21.2	-3.0%	8.4%
Cigarette	283.8	292.9	291.4	-1.5	-0.5%	2.7%	295.9	292.6	-3.3	-1.1%	0.4%	299.2	293.5	-5.7	-1.9%	0.3%
AB Taxes	14.2	14.1	14.1	0.0	0.0%	-0.7%	14.1	14.2	0.1	0.7%	0.7%	14.2	14.4	0.2	1.4%	1.4%
Inheritance	140.0	135.0	140.0	5.0	3.7%	0.0%	120.0	120.0	0.0	0.0%	-14.3%	120.0	120.0	0.0	0.0%	0.0%
Insurance	175.1	175.7	175.7	0.0	0.0%	0.3%	175.7	175.7	0.0	0.0%	0.0%	175.7	175.7	0.0	0.0%	0.0%
Interest	38.3	34.2	34.2	0.0	0.0%	-10.7%	49.3	49.3	0.0	0.0%	44.2%	54.0	54.0	0.0	0.0%	9.5%
Other	193.4	190.0	163.4	-26.6	-14.0%	-15.5%	190.0	163.4	-26.6	-14.0%	0.0%	190.0	163.4	-26.6	-14.0%	0.0%
Subtotal	844.8	841.9	818.8	-23.1	-2.7%	-3.1%	845.0	815.2	-29.8	-3.5%	-0.4%	853.1	821.0	-32.1	-3.8%	0.7%
<u>Total General & PTR Funds</u>	10,619.9	11,312.3	11,290.6	-21.7	-0.2%	6.3%	11,736.6	11,757.4	20.8	0.2%	4.1%	12,356.6	12,378.3	21.6	0.2%	5.3%

STATE REVENUE FORECAST
Detail for General Fund and Property Tax Replacement Fund
Fiscal Years 2005, 2006, and 2007
April 11, 2005
(in millions)

	<u>Actual</u>	<u>Prior</u>	<u>Updated</u>	<u>Diff. From</u>	<u>Percent</u>	<u>Percent</u>	<u>Prior</u>	<u>Updated</u>	<u>Diff. From</u>	<u>Percent</u>	<u>Percent</u>	<u>Prior</u>	<u>Updated</u>	<u>Diff. From</u>	<u>Percent</u>	<u>Percent</u>
	<u>2004</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Prior</u>	<u>Diff. From</u>	<u>Growth</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Prior</u>	<u>Diff. From</u>	<u>Diff. From</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Prior</u>	<u>Diff. From</u>	<u>Growth</u>
		<u>2005</u>	<u>2005</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Over</u>	<u>2006</u>	<u>2006</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>2007</u>	<u>2007</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Over</u>
General Fund																
Sales	2,316.1	2,456.3	2,450.7	-5.7	-0.2%	5.8%	2,572.4	2,572.5	0.1	0.0%	5.0%	2,697.6	2,703.3	5.8	0.2%	5.1%
Individual	3,274.8	3,522.3	3,568.0	45.7	1.3%	9.0%	3,705.6	3,759.4	53.8	1.5%	5.4%	3,944.2	4,007.5	63.3	1.6%	6.6%
Corporate	644.7	811.7	801.8	-9.9	-1.2%	24.4%	754.6	757.4	2.8	0.4%	-5.5%	777.8	767.5	-10.3	-1.3%	1.3%
Subtotal "Big Three"	6,235.6	6,790.3	6,820.4	30.1	0.4%	9.4%	7,032.6	7,089.3	56.7	0.8%	3.9%	7,419.6	7,478.4	58.8	0.8%	5.5%
Cigarette	283.8	292.9	291.4	-1.5	-0.5%	2.7%	295.9	292.6	-3.3	-1.1%	0.4%	299.2	293.5	-5.7	-1.9%	0.3%
AB Taxes	14.2	14.1	14.1	0.0	0.0%	-0.7%	14.1	14.2	0.1	0.7%	-0.7%	14.2	14.4	0.2	1.4%	1.4%
Inheritance	140.0	135.0	140.0	5.0	3.7%	0.0%	120.0	120.0	0.0	0.0%	-14.3%	120.0	120.0	0.0	0.0%	0.0%
Insurance	175.1	175.7	175.7	0.0	0.0%	0.3%	175.7	175.7	0.0	0.0%	0.0%	175.7	175.7	0.0	0.0%	0.0%
Interest	38.3	34.2	34.2	0.0	0.0%	-10.7%	49.3	49.3	0.0	0.0%	44.2%	54.0	54.0	0.0	0.0%	9.5%
Other	193.4	190.0	163.4	-26.6	-14.0%	-15.5%	190.0	163.4	-26.6	-14.0%	0.0%	190.0	163.4	-26.6	-14.0%	0.0%
Subtotal	844.8	841.9	818.8	-23.1	-2.7%	-3.1%	845.0	815.2	-29.8	-3.5%	-0.4%	853.1	821.0	-32.1	-3.8%	0.7%
Total General Fund	7,080.3	7,632.2	7,639.2	7.0	0.1%	7.9%	7,877.6	7,904.5	26.9	0.3%	3.5%	8,272.7	8,299.4	26.7	0.3%	5.0%
PTR Fund																
Sales	2,404.9	2,500.4	2,485.2	-15.2	-0.6%	3.3%	2,614.7	2,614.8	0.1	0.0%	5.2%	2,741.9	2,747.8	5.9	0.2%	5.1%
Individual	533.1	579.8	576.9	-3.0	-0.5%	8.2%	603.2	612.0	8.8	1.5%	6.1%	642.1	652.4	10.3	1.6%	6.6%
Gaming	601.5	599.9	589.3	-10.6	-1.8%	-2.0%	641.0	626.1	-14.9	-2.3%	6.2%	700.0	678.8	-21.2	-3.0%	8.4%
Total PTR Fund	3,539.5	3,680.2	3,651.4	-28.7	-0.8%	3.2%	3,859.0	3,852.9	-6.1	-0.2%	5.5%	4,084.0	4,078.9	-5.1	-0.1%	5.9%
Total General & PTR Funds	10,619.9	11,312.3	11,290.6	-21.7	-0.2%	6.3%	11,736.6	11,757.4	20.8	0.2%	4.1%	12,356.6	12,378.3	21.6	0.2%	5.3%

While the Revenue Forecast Technical Committee strives to produce the best possible forecasts for each revenue source, it is unlikely each component of this forecast will prove to be completely accurate. The Committee believes that in total it has produced a realistic and responsible forecast.